OIL AND GAS FIELD PRODUCTION EQUIPMENT DEPRECIATION INSTRUCTIONS

The taxpayer is responsible to report the year acquired, acquired cost, quantity, and type of equipment.

Note: Montana statute requires that all property be taxed unless it is specifically exempt by law. Therefore, the taxpayer has the responsibility to report all Oil and Gas Field Equipment. Only down-hole equipment is exempt by law.

Once the taxpayer has provided you with the acquired cost and the year acquired, you will apply the "trended % good" to the acquired cost to obtain the market value. The percentage to be used will be determined by the year acquired.

Note: The data provided by taxpayers for the assessment of Oil and Gas Field Production Equipment is subject to audit by the Department of Revenue.

Estimated Assessment: The **Oil and Gas Manual** will be used in the case of an estimated assessment. In that case, the manual cost will be the market value. Thus, it will not be necessary to apply the depreciation percentage.

The manual should be kept in the appraisal / assessment office and not distributed to the taxpayer. If the manual is to be used for other than estimated values, please call Helena for instructions.

Penalties should be assessed pursuant to 15-1-303, MCA.

OIL AND GAS FIELD PRODUCTION EQUIPMENT DEPRECIATION SCHEDULE

This schedule is to be used from January 1, 2009, through December 31, 2009 (reference ARM 42.21.138).

The following schedule will be used to arrive at market value when assessing oil and gas field production equipment.

YEAR	TRENDED % GOOD
2009	100%
2008	95%
2007	93%
2006	93%
2005	91%
2004	91%
2003	88%
2002	82%
2001	73%
2000	65%
1999	58%
1998	50%
1997	43%
1996	36%
1995	33%
1994 and older	30%

Property Type	Class Code	Property Class	Taxable Percentage
Oil & Gas Field Equipment	6516	8	3%
Flow Lines	6838	8	3%